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Seventeenth Annual Report

OF THE

Maryland Racing Commission

TO

THE GOVERNOR OF MARYLAND

1936

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SEVENTEENTH ANNUAL REPORT

OF THE

Maryland Racing Commission

TO

THE GOVERNOR OF MARYLAND

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MARYLAND RACING COMMISSION

BOARD

JERVIS SPENCER, JR., *Chairman*
EDWIN WARFIELD, JR.
GEORGE R. NORRIS

STAFF

JAMES F. HAYWARD.....*Secretary*
MRS. WILLIAM CHESNUT.....*Stenographer and Bookkeeper*
EDWARD G. SHIPLEY.....*Auditor*
THOMAS A. LADSON.....*Veterinarian*
DOUGLAS C. TURNBULL.....*General Inspector*
CHARLES S. EARLY.....*Inspector*
WILLIAM A. MENTZEL.....*Inspector*
WILLIAM L. HARRON.....*Inspector*

SEVENTEENTH ANNUAL REPORT

OF THE

MARYLAND RACING COMMISSION

To His Excellency, Harry W. Nice,
Governor of Maryland.

Racing has had a moderately successful year financially. Favorable weather conditions during the meetings have been a contributing factor. The improved caliber of the horses participating has helped very materially. Increased purse money has served to bring better horses to Maryland. This increase has necessarily been an added burden on the tracks but it is one which the tracks must continue to bear if racing in Maryland is to maintain a standard that commands public support.

The conduct of racing has been satisfactory with the exception of the epidemic of sponging of race horses that occurred at Bowie at the fall meeting. This was a most serious occurrence. If it should happen again, Maryland racing will be very adversely affected, perhaps jeopardized.

The Commission suggests the passage of legislation at the coming session of the General Assembly making it a criminal offense to tamper in any way with a race horse. At the present time, if the culprits who sponged the horses were caught, all that could be done would be to rule them off the property used for racing purposes.

Other measures of a precautionary nature will be taken to put an end to the sponging of horses engaged in racing on Maryland tracks, but a law, as suggested, will give added force to the Commission's efforts.

For several years the Commission has thought that each of the one-mile tracks in this State should be equipped with a Totalizator. Pimlico has such a device. When the financial condition of the tracks seemed rather precarious the Commission hesitated about asking them to assume any additional

burden. Now that business at the tracks shows a moderate improvement, the Commission thinks that the Totalizator should be installed at this time. Most, if not all, the important mutuel tracks in the country are using this device, and failure on the part of Maryland to do so, in the face of a growing public demand, is not in keeping with the spirit of the times.

We have made a request that the tracks without the Totalizator take the steps necessary in securing it. They are unwilling to do so. The Attorney General's office has given an opinion that the Commission does not have the authority under the law to require it.

There is attached hereto an account of the receipts and disbursements of the Commission, and an account of the receipts and disbursements of the four licensees of the Commission operating one-mile tracks.

Respectfully submitted,

JERVIS SPENCER, JR., *Chairman*
EDWIN WARFIELD, JR.
GEORGE R. NORRIS.

STATEMENT OF MARYLAND RACING COMMISSION
(For Year 1936)

RECEIPTS

County Fairs, 40 days racing at $50.00 per day		$2,000.00
Harford Agricultural and Breeders Association—Havre de Grace:		
25 days racing at $6,000 per day	$150,000.00	
1 per cent tax on money wagered	71,910.52	
15 per cent of net revenue	22,090.61	
		244,001.13
Maryland State Fair, Incorporated—Laurel:		
25 days racing at $6,000.00 per day	$150,000.00	
1 per cent tax on money wagered	72,686.53	
15 per cent of net revenue	20,016.08	
		242,702.61
Maryland Jockey Club of Baltimore City—Pimlico:		
25 days racing at $6,000.00 per day	$150,000.00	
25 days racing at $3,000.00 per day, account of Baltimore County	75,000.00	
1 per cent tax on money wagered	82,678.30	
15 per cent of net revenue	14,973.17	
		322,651.47
Southern Maryland Agricultural Association—Bowie:		
25 days racing at $6,000.00 per day	$150,000.00	
1 per cent tax on money wagered	67,252.21	
15 per cent of net revenue	15,561.34	
		232,813.55
License Fees—Trainers and Jockeys		1,642.00
Registration Fees:		
Agents	$115.00	
Jockey Agents	33.00	
Assumed Name	50.00	
Colors	307.00	
		505.00
Total receipts		$1,046,315.76

STATEMENT OF MARYLAND RACING COMMISSION
(For Year 1936)

EXPENSES

Commission's salary	$8,560.00	
Office salaries	4,984.00	
Salaries and expenses of Commission's employees for county fairs	225.00	
Premiums on Chairman's, Commissioners', Secretary's, and Stenographer and Bookkeeper's bonds	1,560.00	
Automobile hire	1,092.50	
Travel and miscellaneous expense for Commission and employees	784.22	
Office expense—miscellaneous	279.40	
Office supplies—stationery and printing	176.34	
Office furniture and furnishings	24.49	
Office rent	1,508.64	
Telephone and telegraph	197.26	
Subscriptions and dues	357.29	
Expenses in connection with saliva testing	232.41	
Paid to County Treasurers	2,000.00	
Paid to Treasurer of Baltimore County:		
25 days racing license fees at $3,000.00 per day	75,000.00	
Net balance to Treasurer of State of Maryland	949,334.21	
Total expenses		$1,046,315.76

HARFORD AGRICULTURAL AND BREEDERS' ASSOCIATION, INCORPORATED

Statement of Income and Surplus for the Year Ended October 31, 1936

REVENUE

Admissions:		
General	$191,995.50	
Club House	11,282.00	
Boxes	1,909.00	
Pari-mutuel commissions and breakage	596,600.30	
Programs—net	10,427.13	
Concessions	12,900.00	
Interest on obligations of the United States of America	4,175.00	
Profit on exchange of tractor	220.00	
Leads to post	10.00	
Total		$829,518.93

*EXPENSES

State license—25 days at $6,000.00 each	$150,000.00	
State tax on pari-mutuel sales	71,910.52	
State tax on admissions	2,175.86	
Stakes and purses	215,500.00	
Awards to breeders	4,000.00	
Pari-mutuel expenses:		
Salaries and wages	72,851.40	
Stationery and printing	14,505.50	
Transportation of money	1,590.00	
Cash shortages—net	566.53	
Miscellaneous	1,075.00	
Salaries and wages of racing officials and employees	27,422.00	
Wages of temporary track employees	12,182.80	
Services of detective agency	11,623.97	
Ambulance and hospital service	515.00	
Rental of starting stalls	1,030.00	
Photo-finish Expense	2,850.00	
Music and announcing	1,430.23	
Advertising and publicity service	14,223.78	
Officers' salaries and directors' compensation:		
M. H. Fahey:		
Salary as president.. $2,400.00		
Compensation as director 800.00		
	$3,200.00	
Carried forward	$3,200.00	$605,452.59

Revenue—(forward)			$829,518.93
Expenses—(forward)	$3,200.00	$605,452.59	
Edward Burke:			
Salary as vice-president and treasurer	$15,000.00		
Compensation as director	800.00		
		$15,800.00	
Richard Reid Rogers:			
Salary as secretary	$1,600.00		
Compensation as director	800.00		
		$2,400.00	
E. F. Simms:			
Compensation as director	$ 800.00		
Total		22,200.00	
Salaries of regular track employees		9,900.00	
Salaries of clerks—New York City		600.00	
Repairs and maintenance		10,209.60	
Tools and supplies		1,923.31	
Team hire		1,118.50	
Heat, light, and water		1,866.85	
Taxes—real estate, franchise, personal property, Federal capital stock, etc.		8,316.61	
Insurance premiums		12,027.48	
Rent		2,300.00	
Stationery, printing, and postage		4,112.95	
Telephone and telegraph		1,690.53	
Professional services		1,819.73	
Donations:			
Judge A. Geracht, Chairman	$25.00		
Havre de Grace Hospital	500.00		
Susquehanna Hose Company, Inc.	100.00		
Total		625.00	
Contribution to Maryland Racing Commission relief fund		300.00	
Doubtful accounts receivable written off or provision therefor		74.00	
Miscellaneous		2,962.07	
Total			687,499.22
***Net Income for the Year**			**$142,019.71**

Net Income for the Year—(brought forward)		$142,019.71
SURPLUS CREDIT		
Pari-mutuel tickets outstanding applicable to meetings of the fiscal year 1933, credited to surplus		4,036.00
***Gross Surplus for the Year**		**$146,055.71**
SURPLUS CHARGES (exclusive of dividends):		
Federal tax on income for the preceding calendar year	$11,333.19	
Additional Federal tax on income for the calendar year 1934, and interest thereon	1,088.23	
State of Maryland license fee or tax of 15% of net taxable revenue for the preceding year ended October 31	20,870.61	
Provision for depreciation for the preceding calendar year, as determined by the Association	22,000.60	
Total		55,292.63
Surplus for the Year, Before Dividends		**$90,763.08**
Dividends Paid		**100,000.00**
Deficit for the Year		**$9,236.92**

NOTES:

*Exclusive of or before provision for depreciation of property, Federal income tax, and State license fee or tax of 15% of net taxable revenue.

No provision is included in the foregoing statement for depreciation of property, Federal tax on income, and Federal unemployment insurance tax for the ten months ended October 31, 1936, for license fee or tax of 15% of net taxable revenue for the year ended October 31, 1936, amounting to $22,090.61, or for Federal capital stock tax accrued for the period from July 1 to October 31, 1936.

Statement Showing Computation of Net Revenue for the Year Ended October 31, 1936, Taxable by the Maryland Racing Commission

Deficit for the Year		**$9,236.92**
Amounts which were deducted in determining deficit for the year, but which are not allowed by the Commission in computing net taxable revenue:		
Federal tax on income:		
Year ended December 31, 1935	$11,333.19	
Additional tax for year ended December 31, 1934, and interest thereon	1,088.23	
State of Maryland license fee or tax of 15% of net taxable revenue for the year ended October 31, 1935	20,870.61	
Provision for depreciation for the year ended December 31, 1935, as determined by the Association	22,000.60	
Dividends paid	100,000.00	
Donations	625.00	
Excess of officers' salaries and directors compensation paid over amount allowable by the Commission	590.00	
Total		156,507.63
Net Revenue for the Year Ended October 31, 1936, Taxable by the Commission		**$147,270.71**
License Fee or Tax of 15% of Net Taxable Revenue for the Year Ended October 31, 1936		**$22,090.61**

NOTE:

The net addition to property amounting to $2,204.31 during the year ended October 31, 1936, has not been deducted as an item of expense in the determination of net revenue upon which the State license fee or tax of 15% is computed, for the reason that there was a balance in excess of this amount available in the building fund at the beginning of the year.

ACCOUNTANTS' CERTIFICATE

MARYLAND RACING COMMISSION:

We have made an examination of the accounts of the Harford Agricultural and Breeders' Association, Incorporated, for the year ended October 31, 1936, and in our opinion the above statement sets forth the net revenue for the year ended that date which is taxable by the Maryland Racing Commission, and the tax computed thereon.

(Signed) HASKINS & SELLS.

Baltimore, November 30, 1936.

THE MARYLAND STATE FAIR, INCORPORATED

Statement of Income and Surplus for the Year Ended November 1, 1936.

REVENUE

Admissions:		
General	$177,883.50	
Club House	20,373.00	
Paddock	1,675.50	
Boxes	3,000.00	
Membership dues	2,200.00	
Service charge in connection with complimentary badges	4,803.50	
Pari-mutuel commissions and breakage	602,454.05	
Programs—net	11,135.99	
Concessions	15,300.00	
Interest on notes receivable	182.19	
Rent	180.00	
Sale of manure	1,250.00	
Total		$840,437.73

*EXPENSES

State license—25 days at $6,000.00 each	$150,000.00	
State tax on pari-mutuel sales	72,686.53	
Stakes and purses	235,400.00	
Awards to breeders	3,000.00	
Pari-mutuel expenses:		
Salaries and wages	55,680.00	
Stationery and printing	10,719.04	
Insurance on money	582.09	
Cash shortage—net	210.99	
Miscellaneous	803.31	
Salaries and wages of racing officials and employees	35,237.25	
Services of detective agencies	4,579.58	
Ambulance service	175.00	
Rent of starting stalls	1,250.00	
Photo-finish expense	3,125.00	
Wages of track employees	16,221.40	
Advertising and publicity service	9,178.48	
Officers' salaries:		
A. J. Cummings, president $8,000.00		
F. J. Brady, secretary-treasurer 8,000.00		
Total	16,000.00	
Office salaries	3,388.00	
Repairs and maintenance of property	14,999.33	
Automobile and tractor expense	764.03	
Water, heat, and light	1,247.54	
Carried forward	$635,247.57	

Revenue—(forward)		$840,437.73
Expenses—(forward)	$635,247.57	
Taxes—real estate, franchise, personal property, Federal capital stock, etc.	22,496.13	
Insurance premiums—net	8,102.68	
Office rent—New York City	3,000.00	
Stationery, printing, and postage	2,601.79	
Telephone and telegraph—net	539.54	
Professional services	1,776.36	
Donations:		
Reverened Joseph A. Meyer $2,000.00		
The Howard County Public Health Association 250.00		
Total	2,250.00	
Contribution to Maryland Racing Commission relief fund	300.00	
Provision for doubtful accounts receivable from horsemen	165.00	
Expenses of State police	206.60	
Interest on loan	205.48	
Miscellaneous	2,426.65	
Total		679,317.80
***Net Income for the Year**		**$161,119.93**
SURPLUS CREDITS		
Pari-mutuel tickets outstanding applicable to the meeting of the year 1933, credited to surplus		2,623.00
***Gross Surplus for the Year**		**$163,742.93**
SURPLUS CHARGES (exclusive of dividends):		
License fee or tax of 15% of net taxable revenue for the preceding year ended November 1	$13,326.58	
Federal tax on income for the preceding calendar year	7,309.83	
Additional Federal tax on income for the calendar year 1932, and interest thereon	3,296.03	
Payment of pari-mutuel ticket originating during meeting of 1916	16.00	
Provision for depreciation for the preceding calendar year as determined by the company	17,124.97	
Total		41,073.41
Surplus for the Year, Before Dividends		**$122,669.52**
Dividend Paid, January 14, 1936		**50,000.00**
Surplus for the Year		**$72,669.52**

NOTES:

*Exclusive of or before provision for depreciation, normal Federal income tax, Federal surtax on "undistributed net income," and State license fee or tax of 15% of net taxable revenue.

No provision is included in the foregoing statement for depreciation of property, normal Federal tax on income, Federal surtax on "undistributed net income," and Federal unemployment insurance tax for the period from January 1 to November 1, 1936, for license fee or tax of 15% of net taxable revenue for the year ended November 1, 1936, amounting to $20,016.08 or for Federal capital stock tax accrued for the period from July 1 to November 1, 1936.

Statement Showing Computation of Net Revenue for the Year Ended November 1, 1936, Taxable by the Maryland Racing Commission

Surplus for the Year		**$72,669.52**
Add amounts which were deducted in determining surplus for the year, but which are not allowed by the Commission in computing net taxable revenue:		
State of Maryland license fee or tax of 15% of net taxable revenue for the year ended November 1, 1935	$13,326.58	
Federal tax on income for the calendar year 1935	7,309.83	
Additional Federal tax on income for the calendar year 1932, and interest thereon	3,296.03	
Provision for depreciation for the year ended December 31, 1935, as determined by the company	17,124.97	
Dividend paid January 14, 1936	50,000.00	
Interest on loan	205.48	
Payment of pari-mutuel ticket originating during meeting of 1916	16.00	
Donations	2,250.00	
		93,528.89
Total		$166,198.41
Deduct cost of additions to property during the year ended November 1, 1936 (allowed by the Commission as a deduction in computing net taxable revenue inasmuch as there is no surplus in current building fund):		
Construction of two new stables	$17,779.26	
Increasing water supply to grandstand	3,771.70	
Construction of additional press box	672.08	
Fence and gate	317.00	
Results board	8,000.00	
Turnstiles	942.62	
Paint-spraying machine	612.74	
Mower	62.50	
Safe in pari-mutuel department	600.00	
		32,757.90
Net Revenue for the Year Ended November 1, 1936, Taxable by the Maryland Racing Commission		**$133,440.51**
License Fee or Tax of 15% of Net Taxable Revenue for the Year Ended November 1, 1936		**$20,016.08**

ACCOUNTANTS' CERTIFICATE

MARYLAND RACING COMMISSION:

We have made an examination of the accounts of The Maryland State Fair, Incorporated, for the year ended November 1, 1936, and, subject to the fact that the corporate minutes were not made available for our inspection, in our opinion the above statement sets forth the net revenue for the year ended that date which is taxable by the Maryland Racing Commission, and the tax computed thereon.

(Signed) HASKINS & SELLS.

Baltimore, December 21, 1936.

THE MARYLAND JOCKEY CLUB OF BALTIMORE CITY

Statement of Income and Surplus for the Year Ended November 30, 1936

REVENUE

Admissions:		
General	$199,047.11	
Club House	20,563.50	
Paddock	1,445.00	
Boxes	9,320.00	
Membership dues	21,490.00	
Pari-mutuel commissions and breakage	688,579.95	
Programs—net	14,149.22	
Concessions	10,480.00	
Profit from operation of catering service, etc.—net	11,046.96	
Broadcasting privilege	2,750.00	
Rent:		
Real estate	5,574.82	
Equipment	2,400.00	
Miscellaneous	1,518.25	
Total		$988,364.81

*EXPENSES

State license—25 days at $6,000.00 each		$150,000.00	
Baltimore County license—25 days at $3,000.00 each		75,000.00	
State tax on pari-mutuel sales		82,678.30	
Stakes and purses		255,250.00	
Awards to breeders		3,500.00	
Pari-mutuel expenses:			
Salaries and wages		68,010.00	
Stationery and printing		4,412.72	
Transportation of money		1,040.00	
Cash shortage—net		269.74	
Odds and results board operating expense		7,500.00	
Rent of totalizator		30,000.00	
Salaries and wages of racing officials and employees		41,020.20	
Services of detective agencies		3,591.95	
Ambulance service		375.00	
Rental of starting stalls		1,250.00	
Photo-finish expense		2,820.00	
Music		280.00	
Advertising and publicity service		4,413.10	
Officers' salaries, directors' compensation, and legal retainer fees:			
C. E. McLane:			
Salary as president	$4,000.00		
Compensation as director	70.00		
		$4,070.00	
Carried forward		$4,070.00	$731,411.01

Revenue—(forward)			$988,364.81
Expenses—(forward)	$4,070.00	$731,411.01	
R. J. Walden:			
Salary as vice-president	$1,500.00		
Compensation as director	70.00		
		1,570.00	
M. L. Daiger:			
Salary as secretary-treasurer	$10,000.00		
Compensation as director	80.00		
		10,080.00	
F. G. Riggs:			
Salary as treasurer	$2,999.97		
Compensation as director	30.00		
		3,029.97	
H. S. Thompson—Salary as assistant treasurer		540.00	
Compensation as director:			
F. J. Bryan		60.00	
John M. Dennis		10.00	
D. S. Gittings		80.00	
S. S. Janney		70.00	
J. W. Y. Martin		40.00	
Ral Parr		50.00	
Lawrason Riggs		60.00	
Alfred Gwynne Vanderbilt		20.00	
Ritchie, Janney, Ober and Williams—legal retainer fees		2,000.00	
Total			21,679.97
Other legal fees			1,001.70
Office salaries			2,274.24
Rent of track property, including amortization of cost of renewing lease			28,100.00
Provision for amortization of improvements to leased property, as determined by the company			43,946.87
Wages of regular track employees			13,785.55
Repairs and maintenance of property			28,865.06
Tools and supplies			1,404.55
Auto hire			772.00
Water, heat, and light			3,483.02
Taxes—real estate, personal property, franchise, Federal capital stock, etc.			26,875.61
Insurance premiums			18,950.00
Stationery and printing			4,600.38
Telephone and telegraph			478.97
Professional accounting and tax services			1,414.00
Loss on exchange of tractor (cost $1,550.00, less allowance of $403.00)			1,147.00
Interest on loan			68.06
Carried forward			$930,257.99

Revenue—(forward)		$988,364.81
Expenses—(forward)	$930,257.99	
Donations:		
The Community Fund of Baltimore, Inc.	$750.00	
Associated Jewish Charities of Baltimore	250.00	
Total	1,000.00	
Contributions to Maryland Racing Commission relief fund	300.00	
Miscellaneous	4,750.22	
Total		936,308.21
***Net Income for the Year**		**$52,056.60**

SURPLUS CREDITS

Pari-mutuel tickets outstanding applicable to meetings of the year 1933, credited to surplus	$3,401.80	
Outstanding checks restored to cash balance	56.20	
Adjustment of reserve for doubtful accounts receivable	10.00	
Total		3,468.00
***Gross Surplus for the Year**		**$55,524.60**

SURPLUS CHARGES (exclusive of dividends):

State of Maryland license fee or tax of 15% of net taxable revenue for the preceding year ended November 30	$13,377.17	
Federal tax on income for the preceding year ended November 30, and interest thereon	4,935.58	
Total		18,312.75
Surplus for the Year, Before Dividends		**$37,211.85**
Dividends Paid		**27,240.00**
Surplus for the Year		**$9,971.85**

NOTATIONS:

*Exclusive of or before provision for Federal income tax and State license fee or tax of 15% of net taxable revenue.

The above statement does not include:

Provision for depreciation of buildings and miscellaneous property.

License fee or tax of 15% of net taxable revenue for the year ended November 30, 1936, amounting to $14,973.17.

Provision for Federal tax on income for the year ended November 30, 1936.

Federal and State unemployment insurance tax for the period from January 1 to November 30, 1936.

Provision for Federal capital stock tax accrued for the period from July 1 to November 30, 1936.

Portion of profit or loss applicable to the investment in capital stock of Maryland State Fair and Agricultural Society of Baltimore County, Md., an affiliated company. Based on statements submitted by the affiliated company (but not verified by Messrs. Haskin & Sells) the company's portion of profit amounts to approximately $15,500.00 for the year ended November 30, 1936, and its portion of loss amounts to approximately $2,400.00 for the year ended November 30, 1935.

Statement Showing Computation of Net Revenue for the Year Ended November 30, 1936, Taxable by the Maryland Racing Commission

Surplus for the Year		$9,971.85
Add allowance on exchange of tractor (the cost of which was allowed by the Commission in computing net taxable revenue for the year ended November 30, 1931)		403.00
Total		$10,374.85
Amounts which were deducted in determining surplus for the year, but which are not allowed by the Commission in computing net taxable revenue:		
Federal tax on income for the year ended November 30, 1935, and interest thereon	$4,935.58	
Provision for amortization of improvements to leased property for the year ended November 30, 1936, as determined by the company	43,946.87	
State of Maryland license fee or tax of 15% of net taxable revenue for the year ended November 30, 1935	13,377.17	
Dividends paid	27,240.00	
Interest on loan	68.06	
Donations	1,000.00	
Loss on exchange of tractor	1,147.00	
Excess of officers salaries, directors' compensation, and legal retainer fees paid over amount allowable by the Commission	69.97	
		91,784.65
Total		$102,159.50
Deduct—Cost of additions to property during year ended November 30, 1936 (allowed by the Commission as a deduction in computing net taxable revenue inasmuch as there is no surplus in current building fund):		
Mimeograph machine	$76.50	
Typewriter	43.00	
Tractor	1,503.00	
Safe in club house	94.50	
Small shed in infield to house certain electrical equipment and for betting purposes	621.40	
		2,338.40
Net Revenue for the Year Ended November 30, 1936, Taxable by the Commission		$99,821.10
License Fee or Tax of 15% of Net Taxable Revenue for the Year Ended November 30, 1936		$14,973.17

ACCOUNTANTS' CERTIFICATE

MARYLAND RACING COMMISSION:

We have made an examination of the accounts of The Maryland Jockey Club of Baltimore City for the year ended November 30, 1936, and in our opinion the above statement sets forth the net revenue for the year ended that date which is taxable by the Maryland Racing Commission, and the tax computed thereon.

(Signed) HASKINS & SELLS.

Baltimore, December 28, 1936.

THE SOUTHERN MARYLAND AGRICULTURAL ASSOCIATION OF PRINCE GEORGE'S COUNTY MARYLAND

Statement of Income and Surplus for the Year Ended December 6, 1936

REVENUE

Admissions:		
General	$114,411.00	
Club House	13,425.00	
Paddock	1,174.50	
Boxes	3,990.00	
Service charges in connection with complimentary badges	7,833.70	
Pari-mutuel commissions and breakage	555,832.55	
Programs—net	10,223.15	
Concessions	14,711.70	
Interest on bank balances	34.10	
Miscellaneous	420.03	
Total		$722,055.73

*EXPENSES

State license—$6,000.00 per day	$150,000.00	
State tax on pari-mutuel sales	67,252.21	
State tax on admissions	1,324.61	
Stakes and purses	182,700.00	
Awards to breeders	3,250.00	
Pari-mutuel expenses:		
Salaries and wages	66,204.00	
Stationery and printing	11,272.14	
Insurance on money	745.18	
Miscellaneous	477.05	
Salaries and wages of racing officials and employees	45,814.32	
Detective services	2,603.50	
Ambulance service	250.00	
Royalty for use of starting stalls	750.00	
Photo-finish expense	1,500.00	
Music and announcing	826.50	
Advertising and publicity service	3,674.64	
Officers' salaries, directors' compensation, and legal retainer fee:		
M. H. Magruder, president:		
Salary and counsel fee $10,000.00		
Compensation as director 400.00		
	$10,400.00	
Carried forward	$10,400.00	$538,644.15

Revenue—(forward)			$722,055.73
Expenses—(forward)	$10,400.00	$538,644.15	
Wm. G. Brooke, secretary:			
Salary	$2,750.00		
Compensation as director	400.00		
		3,150.00	
A. S. Jump, treasurer and assistant manager—salary		1,625.00	
Joseph B. Boyle, general manager—salary		6,500.00	
C. Carter Hall:			
Compensation as director	$400.00		
Other compensation	1,250.00		
		1,650.00	
Compensation as director:			
James A. Bean		400.00	
James B. Berry		400.00	
W. Booth Bowie		400.00	
Frank M. Hall		400.00	
Guy W. Latimer		400.00	
Thomas N. Magruder		400.00	
Oliver S. Metzerott		400.00	
Ellis O. Middleton		400.00	
R. Lee Mullikin		400.00	
Harry Nalley		400.00	
Claude H. Owen		400.00	
George N. Palmer		400.00	
William S. Ryan		150.00	
Frank Small, Jr.		400.00	
Total			28,675.00
Other legal fees and expenses			957.60
Office salaries			1,130.00
Wages paid to regular track employees			7,945.00
Repairs and maintenance			3,702.79
Light, heat, etc.			1,529.99
Taxes—real estate, personal property, franchise, Federal capital stock, etc			11,188.15
Insurance premiums			9,484.55
Rent of offices			1,584.00
Stationery and printing			3,857.20
Telephone and telegraph			530.86
Professional accounting services			1,536.21
Uncollectable accounts receivable written off, less recoveries			170.00
Interest on loans			55.55
Contributions to Maryland Racing Commission relief fund			300.00
Carried forward			$611,291.05

Revenue—(forward)		$722,055.73
Expenses—(forward)	$611,291.05	
Donations:		
American Red Cross	$100.00	
Bowie Volunteer Fire Department	100.00	
Glendale Volunteer Fire Department	100.00	
Sundry small donations	47.90	
Total	347.90	
Miscellaneous	2,714.95	
Total		614,353.90
***Net Income for the Year**		**$107,701.83**
SURPLUS CREDITS		
Pari-mutuel tickets outstanding applicable to meetings of the year 1933, credited to surplus	$3,431.05	
Excess of provision for awards to breeders over requirements, applicable to prior years	250.00	
Amount received as refund of portion of costs incurred in preceding year in repairs to railroad tracks, bridges, etc.	1,469.29	
Total		5,150.34
***Gross Surplus for the Year**		**$112,852.17**
SURPLUS CHARGES (exclusive of dividends):		
State of Maryland license fee or tax of 15% of net taxable revenue for the preceding year ended December 6	$14,791.96	
Provision for depreciation for the preceding calendar year (as determined by the Association)	17,940.65	
Federal tax on income for the preceding calendar year	8,924.95	
Payment of outstanding pari-mutuel tickets for the year 1932, previously credited to surplus	48.10	
Loss on exchange of truck	142.75	
Total		41,848.41
Surplus for the Year Before Dividends		**$71,003.76**
Dividends Paid		**80,954.50**
Deficit for the Year		**$9,950.74**

NOTES:

*Exclusive of or before provision for depreciation, normal Federal income tax, Federal surtax on "undistributed net income," and State license fee or tax of 15% of net taxable revenue.

No provision is included in the foregoing statement for depreciation of property, normal Federal tax on income, Federal surtax on "undistributed net income," and Federal and State unemployment insurance tax for the period from January 1 to December 6, 1936, for license fee or tax of 15% of net taxable revenue for the year ended December 6, 1936, amounting to $15,561.34, or for Federal capital stock tax accrued for the period from July 1 to December 6, 1936.

Statement Showing Computation of Net Revenue for the Year Ended December 6, 1936, Taxable by the Maryland Racing Commission

Deficit for the Year		**$9,950.74**
Cost of additions to property during the year ended December 6, 1936 (allowed by the Commission as a deduction in computing net taxable revenue inasmuch as there is no surplus in current building fund):		
Land, and stables thereon	$1,800.00	
Railroad track and ties	12,500.00	
Construction of train shed	1,249.50	
Automobile truck	702.87	
Harrows	98.75	
Check writer	60.25	
Typewriter	116.15	
Mimeograph machine	130.00	
Chairs	15.60	
Total additions	$16,673.12	
Less allowance on truck traded in	207.87	
		16,465.25
Total		$26,415.99
Amounts which were deducted in determining deficit for the year but which are not allowed by the Commission in computing net taxable revenue:		
State of Maryland license fee or tax of 15% of net taxable revenue for the year ended December 6, 1935	$14,791.96	
Provision for depreciation for the year ended December 31, 1935, as determined by the Association	17,940.65	
Dividends paid	80,954.50	
Federal tax on income for the calendar year 1935	8,924.95	
Interest on loans	55.55	
Loss on exchange of truck	142.75	
Excess of officers' salaries, directors' compensation and legal retainer fee paid over amount allowable by the Commission	7,000.00	
Donations	347.90	
		130,158.26
Net Revenue for the Year Ended December 6, 1936, Taxable by the Maryland Racing Commission		**$103,742.27**
License Fee or Tax of 15% of Net Taxable Revenue for the Year Ended December 6, 1936		**$15,561.34**

ACCOUNTANTS' CERTIFICATE

MARYLAND RACING COMMISSION:

We have made an examination of the accounts of The Southern Maryland Agricultural Association of Prince George's County, Md., for the year ended December 6, 1936, and in our opinion the above statement sets forth the net revenue for the year ended that date which is taxable by the Maryland Racing Commission, and the tax computed thereon.

(Signed) HASKINS & SELLS.

Baltimore, December 26, 1936.